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Dear Chairman Kahn and members of the Senate Appropriations Committee:

My name is Brian O'Connell, Regional Director of State Government Relations for General Motors. I am testifying in opposition to SB 1359 and the S-1 substitute. Due to the limited amount of time I had to prepare this written statement, and the limited time for testimony this morning, this written testimony reflects my statements this morning and it may not be all-inclusive of General Motors' issues with this legislation.

In the past few years, General Motors has invested more than \$3.7 billion in our Michigan facilities which helped create or maintain almost 11,000 GM jobs. This tax places a burden on General Motors' resources which could continue be reinvested into the state.

General Motors has proven that we are committed to being a part of Michigan's recovery. GM currently has 43,000 employees in the state and spends over \$29 billion annually on almost 1,100 suppliers, which creates thousands of additional jobs and millions in tax revenue. In sales and use tax alone, General Motors contributes over \$110 million to the state, in addition to paying property tax on 38 facilities, personal property tax and payroll taxes.

This tax is simply a burden on all healthcare providing businesses with no direct benefit returned to the contributing companies.

General Motors is opposed to SB 1359 and the S-1 substitute as we believe it creates even more uncertainty in the projection of taxes that General Motors is expected to pay to the state of Michigan. As an employer, General Motors insures over 120,000 men, women and children in the state, and under the original bill we were estimated to contribute \$5 million, which proved to be accurate. General Motors' contribution is not a factor in the current short fall.

As indicated in this legislation, if you use the National Health Expenditures Accounts Report to project medical inflation, the \$400 million short fall will increase to \$721 million by 2022 and this tax on General Motors will increase from the current \$5 million per year to over \$20 million annually in the next 10 years alone.

General Motors urges a NO vote on SB 1359 and the S-1 substitute and would like to encourage the members of the committee to continue to position Michigan as a job friendly state where General Motors can remain part of the revival of the state's economy.

Regards,

Brian O'Connell
Regional Director,
State Government Relations

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